

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-07 FRB-03 INR-07
NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04
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FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC 2576
INFO USDOC WASHDC
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AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY BUDPEST
AMEMBASSY MOSCOW
AMEMBASSY SOFIA
AMEMBASSY VIENNA
AMEMBASSY WARSAW
USMISSION NATO
USMISSION EC BRUSSELS

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E.O. 11652: NA
TAGS: EALR, EGEN, CZ
SUBJECT: PRESS REPORT REVEALS FYP TARGETS FUDGED

VIENNA FOR AGATT

REFS A. PRAGUE 1106, B. PRAGUE A-27(NOTAL), C. PRAGUE 0351,
D. PRAGUE 0020(NOTAL)

1. SUMMARY: EMBASSY REPORTS ARTICLE DISCUSSING FREQUENT CHANGES
IN PLAN PRODUCTION TARGETS, WHICH PARTIALLY CONCEAL CSSR'S
ECONOMIC MALAISE. CHANGES RESULT IN NET DECREASE IN GOALS,ARE
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MOSTLY DOWNWARD AND CLUSTERED TOWARD END OF YEAR. COMMENT:
ARTICLE CONFIRMS LONG-SUSPECTED FUDGING, BUT OUTSIDERS STILL
HARD-PRESSED TO QUANTIFY IT. END SUMMARY.

2. DILIGENT FOREIGN READERS OF NORMALLY TURGID CZECHOSLOVAK
PRESS WERE RECENTLY REWARDED BY A SHORT ARTICLE WHICH PROVIDED

AN UNUSUALLY CANDID GLIMPSE OF A WIDESPREAD BUT RARELY OFFICIALLY ADMITTED PROBLEM OF THE GOC'S SPAVINED ECONOMY: TINKERING WITH FIVE-YEAR PLAN (FYP) TARGETS SO THAT END-OF-YEAR RESULTS LOOK BETTER (OR LESS BAD) THAN THEY ACTUALLY ARE. FEB 25 ISSUE OF HOSPODARSKE NOVINY (WEEKLY "ECONOMIC NEWSPAPER") RAN AN ARTICLE BY ING. HRBAC, DIRECTOR OF CZECH STATISTICAL OFFICE (CSO) IN OPAVA, NORTHERN MORAVIA, WHICH DETAILED NUMEROUS CHANGES IN PLAN TARGETS WHICH OCCURRED LAST YEAR IN OPAVA DISTRICT AND, BY IMPLICATION,

THROUGHOUT THE SLUGGISH CZECHOSLOVAK ECONOMY.

3. HRBAC STRAIGHTFORWARDLY STATES THAT CENTRALLY CONTROLLED INDUSTRY UNDER CSO OBSERVATION IN HIS DISTRICT LAST YEAR CONSISTED OF 47 FACTORIES AND WORKSHOPS, YET THERE WERE 50 CHANGES IN THE ANNUAL PLAN PRODUCTION INDICES "BLINDINGLY FIXED BY THE SUPERIOR ENTERPRISES" (MAINLY LARGER ENTERPRISES AND TRUSTS). OF THE 50 CHANGES, 31 CASES (TOTALLING 89.9 MILLION CROWNS) INVOLVED TARGET REDUCTIONS AND ONLY 19 CASES (TOTALLING 23.7 MILLION CROWNS) INVOLVED INCREASES. THE FOURTH QUARTER, JUST BEFORE ANNUAL TARGETS MUST BE MET, SAW 34 OF THE 50 CHANGES OCCUR, NET RESULT BEING A 43 MILLION CROWN DECREASE. IN DECEMBER ALONE, 14 REDUCTIONS (TOTALLING 47.9 MILLION CROWNS) AND ONE SMALL INCREASE (FOR HALF A MILLION CROWNS) TOOK PLACE, INDICATING THAT THE RUSH TO LOWER TARGETS TO CONCEAL FAILURES TO FULFILL THE PLAN SWELLS TO A RAMPAGE AS YEAR-END RECKONING APPROACHES. WITH NOTABLE UNDERSTATEMENT, HRBAC OPINES THAT THESE PHENOMENA INDICATE PRODUCTION PROBLEMS ARE NOT TACKLED IN TIME AND THAT "NECESSARY MEASURES ARE NOT READILY TAKEN."

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4. COMMENT: HRBAC'S ARTICLE TENDS TO CONFIRM OUR IMPRESSION THAT CSSR ECONOMIC MALAISE IS EVEN WORSE THAN STATISTICS CHURNED OUT BY GOC INDICATE (REFS A B AND C) SINCE MANY ENTERPRISES OBVIOUSLY MEET TARGETS ONLY IF GOALS ARE RATCHETTED DOWNWARD AT YEARS END. E/C COUNSELOR TRIED TO PIN DOWN STATE PLANNING COMMISSION OFFICIAL HORAK ON THIS MATTER IN DECEMBER 22 INTERVIEW(REF D). HORAK ADMITTED THAT PLAN IS "CORRECTED" FROM TIME TO TIME BUT INSISTED THAT INDIVIDUAL ENTERPRISE TARGETS CAN BE CHANGED UP OR DOWN ONLY AS LONG AS OVERALL SECTOR TARGETS ARE MET. HRBAC'S ARTICLE, WHICH WAS PROBABLY AUTHORIZED TO WARN ENTERPRISE OFFICIALS THAT GOC FEELS SITUATION HAS GOTTEN OUT OF HAND, INDICATES THAT THIS SORT OF FUDGING OF TARGETS IS INDEED WIDESPREAD. HOWEVER, SINCE PUBLIC REPORTS CONTINUE TO CITE ONLY PERCENTAGE OUTPUT GROWTH AND FUZZY GENERALIZATIONS ABOUT FULFILLMENT, OUTSIDERS (SUCH AS FOREIGN DIPLOMATS) ARE HARD-PRESSED TO QUANTIFY AMOUNT OF THIS HANKY-PANKY WHICH GOES ON.
BYRNE

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Message Attributes

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Disposition Comment: 25 YEAR REVIEW
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Disposition History: n/a
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